

## **Program C: Medicare Buy-Ins and Supplements**

### **PROGRAM DESCRIPTION**

The mission of the Medicare Buy-Ins and Supplements Program is to allow states to enroll certain groups of needy people in the supplemental medical insurance program and pay their premiums. The Medicaid buy-ins and supplementals may permit the State, as part of its total assistance plan, to provide medical insurance protection to designated categories of needy individuals who are eligible for Medicaid and also meet the eligibility requirements. It has the effect of transferring some medical costs for this population from the Title XIX Medicaid Program, which is partially State financed, to the Title XVIII Program, which is financed by the federal government. Federal matching money is available through the Medicaid Program to assist the states with the premium payments for certain buy-in enrollees.

The goal of the Medicare Buy-Ins and Supplements Program is to avoid additional Medicaid cost by utilizing buy-in (premiums) for Medicare eligibles.

The Medicare Buy-Ins and Supplements Program is a supplemental medical insurance program that provides exemption of premiums for indigent people.

### **OBJECTIVES AND PERFORMANCE INDICATORS**

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

- 1.(KEY) To save the State of Louisiana a minimum of \$259 million by purchasing Medicare premiums for elderly, indigent citizens, rather than reimbursing the total cost of their health care with State General Fund dollars.

Strategic Link: This objective implements Goal I, Objective I.1 of Program C, Medicare Buy-Ins and Supplements, of the revised strategic plan: *To save the State of Louisiana a minimum of 259 million by purchasing Medicare premiums for elderly, indigent citizens, rather than reimbursing the total cost of their health care with State General Fund dollars.*

Children's Cabinet Link: This objective is linked to medical services for Medicaid eligible children funded under the Children's Budget.

Explanatory Note: Medicare is a health insurance program for people 65 years of age and older, certain younger people with disabilities, and people with End-Stage Renal Disease (people with permanent kidney failure who need dialysis or transplant). Medicare has two parts: Part A (hospital insurance) and Part B (medical insurance). Part B helps pay for doctors, outpatient hospital care and some other medical services that part A does not cover, such as the services of physical and occupational therapists.

| L<br>E<br>V<br>E<br>L | PERFORMANCE INDICATOR NAME                      | PERFORMANCE INDICATOR VALUES                       |  |   |   |  |   |
|-----------------------|---|--|--|---|---|--|---|
|                       |   | YEAREND<br>PERFORMANCE<br>STANDARD<br>FY 1999-2000 | ACTUAL<br>YEAREND<br>PERFORMANCE<br>FY 1999-2000 | ACT 11<br>PERFORMANCE<br>STANDARD<br>FY 2000-2001 | EXISTING<br>PERFORMANCE<br>STANDARD<br>FY 2000-2001 | AT<br>CONTINUATION<br>BUDGET LEVEL<br>FY 2001-2002 | AT<br>RECOMMENDED<br>BUDGET LEVEL<br>FY 2001-2002 |
| S                     | Buy-In Expenditures (Part A)                    | \$19,773,897                                       | \$17,946,133                                     | \$18,088,338                                      | \$180,450,105                                       | \$18,450,105                                       | \$18,450,105 <sup>2</sup>                         |
| S                     | Total number of recipients (Part A)             | Not applicable <sup>1</sup>                        | Not applicable <sup>1</sup>                      | 4,900   | 4,900   | 4,900  | 4,900 <sup>2</sup>                                |
| S                     | Buy-In Expenditures (Part B)                    | \$66,989,964                                       | \$66,214,642                                     | \$66,989,964                                      | \$72,528,000  | \$72,528,000                                       | \$72,528,000 <sup>2</sup>                         |
| S                     | Total number of recipients (Part B)             | Not applicable <sup>1</sup>                        | Not applicable <sup>1</sup>                      | 115,377   | 118,500   | 118,500  | 118,500 <sup>2</sup>                              |
| K                     | Total number of Buy-In eligibles                | 125,799  | 121,016  | 120,277   | 123,400   | 123,400  | 123,400 <sup>2</sup>                              |
| K                     | Total savings (cost of care less premium costs) | \$259,938,183                                      | \$278,777,246                                    | \$259,938,183                                     | \$259,938,183                                       | \$259,938,183                                      | \$259,938,183 <sup>2</sup>                        |

<sup>1</sup> This performance indicator did not appear under Act 10 of 1999 and therefore has no performance standard for FY 1999-2000.

<sup>2</sup> Figures in the Recommended Budget Level column reflect performance standards at a continuation level of funding. The Department of Health and Hospitals will, after sufficient time for analysis of the recommended budget, request an amendment to the Appropriations Bill to correct the performance standards.

| GENERAL PERFORMANCE INFORMATION: MEDICARE BUY-INS AND SUPPLEMENTS |                                    |                                    |                                    |                                    |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| PERFORMANCE INDICATOR   | PRIOR YEAR<br>ACTUAL<br>FY 1995-96 | PRIOR YEAR<br>ACTUAL<br>FY 1996-97 | PRIOR YEAR<br>ACTUAL<br>FY 1997-98 | PRIOR YEAR<br>ACTUAL<br>FY 1998-99 | PRIOR YEAR<br>ACTUAL<br>FY 1999-00 |
| Total savings (cost of care less premium cost)                    | Not available <sup>1</sup>         | Not available                      | 247,724,858                        | 264,134,787                        | 278,777,246                        |

<sup>1</sup> The data for this indicator was not maintained during this time period.

## RESOURCE ALLOCATION FOR THE PROGRAM

|   | ACTUAL<br>1999 - 2000      | ACT 11<br>2000 - 2001      | EXISTING<br>2000 - 2001    | CONTINUATION<br>2001 - 2002 | RECOMMENDED<br>2001 - 2002 | RECOMMENDED<br>OVER/(UNDER)<br>EXISTING |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|---|
| MEANS OF FINANCING:                             |                            |                            |                            |                             |                            |   |
| STATE GENERAL FUND (Direct)                     | \$25,026,606               | \$25,349,699               | \$25,349,699               | \$27,199,271                | \$27,092,044               | \$1,742,345                             |
| STATE GENERAL FUND BY:                          |                            |                            |                            |                             |                            |   |
| Interagency Transfers                           | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Fees & Self-gen. Revenues                       | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Statutory Dedications                           | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Interim Emergency Board                         | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| FEDERAL FUNDS                                   | 60,801,099                 | 59,728,603                 | 59,728,603                 | 63,778,833                  | 63,524,294                 | 3,795,691                               |
| TOTAL MEANS OF FINANCING                        | <u><u>\$85,827,705</u></u> | <u><u>\$85,078,302</u></u> | <u><u>\$85,078,302</u></u> | <u><u>\$90,978,104</u></u>  | <u><u>\$90,616,338</u></u> | <u><u>\$5,538,036</u></u>               |
| EXPENDITURES & REQUEST:                         |                            |                            |                            |                             |                            |   |
| Salaries  | \$0                        | \$0                        | \$0                        | \$0                         | \$0                        | \$0                                     |
| Other Compensation                              | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Related Benefits                                | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Total Operating Expenses                        | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Professional Services                           | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Total Other Charges                             | 85,827,705                 | 85,078,302                 | 85,078,302                 | 90,978,104                  | 90,616,338                 | 5,538,036                               |
| Total Acq. & Major Repairs                      | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| TOTAL EXPENDITURES AND REQUEST                  | <u><u>\$85,827,705</u></u> | <u><u>\$85,078,302</u></u> | <u><u>\$85,078,302</u></u> | <u><u>\$90,978,104</u></u>  | <u><u>\$90,616,338</u></u> | <u><u>\$5,538,036</u></u>               |
| AUTHORIZED FULL-TIME<br>EQUIVALENTS: Classified | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| Unclassified                                    | 0                          | 0                          | 0                          | 0                           | 0                          | 0                                       |
| TOTAL   | <u><u>0</u></u>            | <u><u>0</u></u>            | <u><u>0</u></u>            | <u><u>0</u></u>             | <u><u>0</u></u>            | <u><u>0</u></u>                         |

## SOURCE OF FUNDING

This program is funded with General Fund and Federal Funds. The Federal Funds represent federal financial participation in the Medicaid program. Existing operating budget are transfers from LSU HSC-Health Care Services and the Office of Addictive Disorders. The interagency Transfers in the total Recommended for FY 2001-2002, are from the Office of Addictive Disorders for an inpatient medical detox unit at LSU HSC-HCSD.

## ANALYSIS OF RECOMMENDATION

| GENERAL<br>FUND | TOTAL        | T.O. | DESCRIPTION  |
|-----------------|--------------|------|--|
| \$25,349,699    | \$85,078,302 | 0    | ACT 11 FISCAL YEAR 2000-2001   |
|                 |              |      | BA-7 TRANSACTIONS:   |
| \$0             | \$0          | 0    | None   |
| \$25,349,699    | \$85,078,302 | 0    | EXISTING OPERATING BUDGET – December 15, 2000  |
| \$1,641,474     | \$5,538,036  | 0    | Workload Adjustments - Utilization increase in Qualified Medicare Beneficiaries (QMBs) enrolling in this program |
| \$100,871       | \$0          | 0    | Net Means Of Financing Substitutions - Federal Match Rate Change   |
| \$27,092,044    | \$90,616,338 | 0    | TOTAL RECOMMENDED  |
| \$0             | \$0          | 0    | LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS  |
| \$27,092,044    | \$90,616,338 | 0    | BASE EXECUTIVE BUDGET FISCAL YEAR 2001-2002  |
|                 |              |      | SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:   |
| \$0             | \$0          | 0    | None   |
| \$0             | \$0          | 0    | TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE  |
| \$27,092,044    | \$90,616,338 | 0    | GRAND TOTAL RECOMMENDED  |

The total means of financing for this program is recommended at 106.5% of the existing operating budget. It represents 96.6% of the total request (\$90,978,104) for this program

### PROFESSIONAL SERVICES

This program does not have funding for Professional Services for Fiscal Year 2001-2002.

**\$0 TOTAL PROFESSIONAL SERVICES**

### OTHER CHARGES

\$90,616,338    Payments of Medicare premiums and supplements

**\$90,616,338    SUB-TOTAL OTHER CHARGES**

**Interagency Transfers:**

This program does not have funding for Interagency Transfers for Fiscal Year 2001-2002.

**\$0    SUB-TOTAL INTERAGENCY TRANSFERS**

**\$90,616,338    TOTAL OTHER CHARGES**

## **ACQUISITIONS AND MAJOR REPAIRS**

This program does not have funding for Acquisitions and Major Repairs for Fiscal Year 2001 -2002.

**\$0    TOTAL ACQUISITIONS AND MAJOR REPAIRS**